

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** May 27, 2011

**FROM:** J. Owen Cole Jr., Director  
Office of Capital Markets

**SUBJ:** Advanced Notice of Proposed  
Rulemaking - Derivatives

**ACTION REQUESTED:** NCUA Board's approval of advance notice of proposed rulemaking to permit natural person federal credit unions to engage in derivative activities for purposes of hedging interest rate risk. 12 C. F. R. Part 703.

**ACTION REQUESTED:** June 16, 2011.

**OTHER OFFICES CONSULTED:** Office of General Counsel, Office of Examination and Insurance, Office of Corporate Credit Unions and Regional Directors.

**VIEWS OF OTHER OFFICES CONSULTED:** Concur.

**SUBMITTED TO THE INSPECTOR GENERAL FOR REVIEW:** Yes.

**BUDGET IMPACT, IF ANY:** None.

**RESPONSIBLE STAFF MEMBER:** Mark D. Vaughan, Director, Division of Capital Markets and Jeremy Taylor, Senior Capital Markets Specialist, Office of Capital Markets.

**SUMMARY:** NCUA seeks comments on an advance notice of proposed rulemaking to permit natural person federal credit unions to engage in certain derivative activities for purposes of hedging interest rate risk. The notice requests comments on proposed activities and requirements for credit unions entering into derivative transactions.

**RECOMMENDED ACTION:** Recommend the Board approve and issue the proposed advance notice of proposed rulemaking with a 60-day comment period.

**ATTACHMENT:** Advanced notice of proposed rulemaking

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